



DEPARTMENT OF  
**FINANCE**

ARNOLD SCHWARZENEGGER, GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

August 30, 2007

Mr. Mark Leary, Executive Director  
California Integrated Waste Management Board  
1001 I Street, MS-1  
P.O. Box 4025  
Sacramento, CA 95812-4025

Dear Mr. Leary:

**Final Audit Report: San Luis Obispo County Office of Education, Grant Agreement ED7-03-1**

Enclosed is the audit report of San Luis Obispo County Office of Education's (SLOCOE) School DEEL Education Grant ED7-03-1 for the period June 1, 2004 through June 30, 2006. The Department of Finance, Office of State Audits and Evaluations (Finance), performed this audit under an interagency agreement with the California Integrated Waste Management Board (Board). The audit included a review of revenue, expenditures, internal control, and compliance with certain grant agreement provisions.

The SLOCOE complied with the fiscal requirements of its grant agreements, and its revenue and expenditures were fairly stated. Because there were no audit findings or issues requiring a response, we are issuing the report as final. The enclosed report is for your information and use. We have also sent a copy to SLOCOE. In accordance with Finance's policy of increased transparency, the final report will be placed on the Finance website.

If you have any questions regarding this report, please contact Frances Parmelee, Manager, or Rick Cervantes, Supervisor, at (916) 322-2985.

Sincerely,

*Original signed by:*

Diana L. Ducay, Chief  
Office of State Audits and Evaluations

Enclosure

cc: Mr. Tom Estes, Deputy Director, Administration and Finance Division, California  
Integrated Waste Management Board  
Ms. Susan R. Villa, Acting Branch Manager, Administration and Finance Division, California  
Integrated Waste Management Board  
Mr. Roger Ikemoto, Grants and Audits Manager, Administration and Finance Division, California  
Integrated Waste Management Board  
Ms. Bonnie Cornwall, Supervisor, Used Oil and Household Hazardous Waste Unit, California  
Integrated Waste Management Board  
Dr. Julian D. Crocker, Superintendent, San Luis Obispo County Office of Education  
Mr. John D. Barnhart, Assistant Superintendent, Educational Services, San Luis Obispo County  
Office of Education

A GRANT AUDIT

---

San Luis Obispo County Office of Education  
School DEEL Education Grant ED7-03-1  
For the Period June 1, 2004  
through June 30, 2006

Prepared By:  
Office of State Audits and Evaluations  
Department of Finance

## TABLE OF CONTENTS

---

Preface .....	iii
Independent Auditor's Report .....	1
Statement of Revenue and Expenditures.....	3
Notes to the Statement of Revenue and Expenditures .....	4

## PREFACE

---

The Department of Finance, Office of State Audits and Evaluations, performed this audit under an interagency agreement with the California Integrated Waste Management Board (Board).

The Board awarded a \$293,000 grant (ED7-03-1) to the San Luis Obispo County Office of Education (SLOCOE) to participate in the School DEEL Education Grant Program. The grant was funded by the Integrated Waste Management Account and covered the period June 1, 2004 through June 30, 2006.

The objective of this audit was to determine SLOCOE's fiscal compliance with the aforementioned grant. The audit also assessed SLOCOE's compliance with applicable laws, regulations, and grant agreement requirements, as well as a review of internal controls. We did not assess the efficiency or effectiveness of program operations; this responsibility lies with the Board. The responsibility for financial reporting and compliance rests with SLOCOE.

This report is intended for the information and use of Board and SLOCOE management. However, the report is a matter of public record and its distribution is not limited.

### **STAFF:**

Frances Parmelee, CPA  
Manager

Rick Cervantes, CPA  
Supervisor

Robert Castillo



## INDEPENDENT AUDITOR'S REPORT

Mr. Mark Leary, Executive Director  
California Integrated Waste Management Board  
1001 I Street, MS-1  
P.O. Box 4025  
Sacramento, CA 95812-4025

We have audited the accompanying San Luis Obispo County Office of Education's (SLOCOE) *Statement of Revenue and Expenditures* (Statement) for grant agreement ED7-03-1 for the period June 1, 2004 through June 30, 2006, executed between SLOCOE and the California Integrated Waste Management Board (Board). The Statement was prepared from SLOCOE's records and is the responsibility of its management. Our responsibility is to express an opinion on the Statement based on our audit.

We conducted our audit in accordance with *Generally Accepted Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to provide reasonable assurance as to whether the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Statement was prepared, as described in Note 4, for the purpose of determining SLOCOE's fiscal compliance with the aforementioned grant agreement. The Statement is not intended to be a presentation of SLOCOE's total revenue and expenditures.

In our opinion, the Statement referred to above presents fairly, in all material respects, the claimed and audited revenue and expenditures for grant agreement ED7-03-1 for the period stated above in conformity with accounting principles generally accepted in the United States of America.

### Compliance

As part of obtaining reasonable assurance about whether the Statement is free of material misstatement, we performed tests of SLOCOE's compliance with certain provisions of laws, regulations, and the grant agreement, noncompliance with which could have a direct and material effect on the determination of Statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit; and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported herein under *Generally Accepted Government Auditing Standards*.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered SLOCOE's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the Statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the Statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of Board and SLOCOE management, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Original signed by:*

Janet I. Rosman, CPA  
Assistant Chief, Office of State Audits and Evaluations  
(916) 322-2985

April 5, 2007

# STATEMENT OF REVENUE AND EXPENDITURES

---

San Luis Obispo County Office of Education  
School DEEL Education Grant Agreement ED7-03-1  
For the Period June 1, 2004 through June 30, 2006

	<u>Claimed</u>	<u>Audited</u>	<u>Difference (Note 5)</u>
<b>Revenue:</b>			
State Grant (Note 3)	\$ 281,670	\$ 213,122	\$ 68,548
<b>Expenditures:</b>			
Personnel/Other	<u>281,670</u>	<u>281,670</u>	<u>0</u>
<b>Excess of Expenditures over Revenue</b>	<u>\$ 0</u>	<u>\$ (68,548)</u>	<u>\$ 68,548</u>

The accompanying notes are an integral part of this statement.

# NOTES TO THE STATEMENT OF REVENUE AND EXPENDITURES

---

## **San Luis Obispo County Office of Education School DEEL Education Grant Agreement ED7-03-1 For the Period June 1, 2004 through June 30, 2006**

### **NOTE 1      Description of the Reporting Entity**

The San Luis Obispo County Office of Education (SLOCOE) was organized in 1860 under the laws of the State of California. SLOCOE operates under a locally elected five-member Board and provides services to ten districts and three joint power agencies as mandated by the state and /or federal agencies. SLOCOE operates various education programs and supports the government-wide Special Education Local Plan Area.

### **NOTE 2      Program Information**

The Legislature created the Integrated Waste Management Account (Public Resources Code Section 48001) to support the reduction, recycling, and reuse of solid waste and the protection of public health and safety through regulation of solid waste handling. The California Integrated Waste Management Board (Board) administers the Integrated Waste Management Account, which includes the School Diversion and Environmental Education Law (DEEL) Education Grants. The Board's Office of Education and the Environment is responsible for implementing the School DEEL Plan and associated grant programs. The DEEL program, as prescribed in Chapter 926, Statutes of 2001 (SB 373), directed the Board to develop and implement a unified education strategy on the environment for elementary and secondary schools. Chapter 665, Statutes of 2003 (AB 1548) further strengthened SB 373 and provided a mechanism to incorporate environmental principles and concepts into school programs through textbooks and the State's science framework.

### **NOTE 3      Description of School DEEL Education Grant Agreement**

SLOCOE received a \$293,000 grant award from which it claimed \$281,670 and was reimbursed \$213,122 in grant funds (see Note 5). SLOCOE used the grant funds to develop environmental curriculum aligned with the State of Board of Education standards. For this grant, SLOCOE incurred costs associated with personnel and consultant contracts. The grant agreement covers the period June 1, 2004 through June 30, 2006.



**NOTE 4      Summaries of Significant Accounting Policies**

**A. Basis of Presentation**

The Statement presented in this report was prepared from SLOCOE's accounts and financial transactions. The Statement summarizes revenue and expenditures recorded by SLOCOE during the grant's reporting period.

The Statement summarizes SLOCOE's transactions pertaining to grant agreement ED7-03-1 only, and is not intended to represent all of SLOCOE's financial activities.

**B. Basis of Accounting—Measurement Focus**

SLOCOE's accounts are maintained on the modified accrual basis and in accordance with the principles of fund accounting. Under the modified accrual basis, revenue is recognized as it becomes measurable and available, and expenditures are recorded at the time the liabilities are incurred.

**NOTE 5      Withheld Payments**

The Board reimbursed SLOCOE \$213,122 and withheld payments totaling \$68,548, as stipulated in the grant agreement, due to a late final report. SLOCOE submitted the final report in May 2007, ten months after the June 30, 2006 due date. Because the grant funds reverted December 31, 2006, prior to submittal of the final report, the Board was not able to pay SLOCOE. SLOCOE intends to file a claim with the California Victim Compensation and Government Claims Board for \$68,548.